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Global recession should spur transformation of African economies – UN official



9 July 2010 – The global recession should spur African nations to shift towards greater industrial capacities, improved infrastructure and expanded ties with regional partners and developing countries outside the continent, a senior United Nations official has stated.

“Together with liberal market mechanisms, we need to build up States with strong institutions that can create enabling environments for business, economic growth, and economic recovery to take hold,” Supachai Panitchpakdi, Secretary-General of the UN Conference on Trade and Development ([UNCTAD](#)), said yesterday in Geneva.

“That will help Africa build up its resistance against crises that could recur,” he told the Trade and Development Board’s discussion of UNCTAD’s activities in support of African development.

Governments will have to “pave the way to create enabling circumstances” that will support industrialization, job creation, and increased demand for more sophisticated goods as incomes rise, he added.

Mr. Supachai noted that African economies enjoyed growth rates averaging some 6 per cent annually from 2003 to 2008, but that dropped to 1.2 per cent in 2009.

At the same time, he noted that trade between African countries and other developing countries, known as “South-South” trade, held up fairly well during the crisis.

The Economic Report on Africa 2010, published in May by the UN Economic Commission for Africa (ECA) and the African Union Commission, also noted that the current global economic crisis offers them an opportunity to lay the foundation for sustainable, employment-intensive economic growth.

“The recession should work as a wake-up call for Africa to deal with its vulnerabilities and introduce further reforms to promote growth, but more particularly employment creation to promote social development in the region,” Rob Vos, Director of Development Policy of the UN Department of Economic and Social Affairs (DESA), had stated at the report’s launch.

The report recommended investment in infrastructure and human capital, renewed efforts to mobilize domestic resources, market reforms, incentives to support private-sector employment and efforts to increase productivity and incomes in the informal sector.

It warned African countries against continuing to depend on traditional drivers of economic growth, such as exports of raw commodities, foreign investment and development aid, saying those sources of resources were unpredictable.

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